

MAR 1952 01-56

FDD
FILE
COPY

CLASSIFICATION ~~RESTRICTED~~
SECURITY INFORMATION
CENTRAL INTELLIGENCE AGENCY
INFORMATION FROM
FOREIGN DOCUMENTS OR RADIO BROADCASTS

FOR OFFICIAL USE ONLY

REPORT
CD NO.

STAT

COUNTRY China
SUBJECT Economic - Industry and mining; machine building;
light industries; railways; industrial rationalization.
HOW PUBLISHED Yearbook
WHERE PUBLISHED Shanghai
DATE PUBLISHED 2 Jul 1952
LANGUAGE Chinese

DATE OF INFORMATION 1951
DATE DIST. 13 May 1953

CENTRAL INTELLIGENCE AGENCY
CLASSIFICATION
Cancelled
Changed to: For Official Use Only

NO. OF PAGES 8

SUPPLEMENT TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793
AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVE-
LATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS
PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE 1952 Jen-min Shou-ts'e (People's Handbook).

DATA ON INDUSTRIAL RECOVERY OF CHINA

[This report gives data on the industrial recovery of China ac-
cording to information in the 1952 Jen-min Shou-ts'e (People's Hand-
book). It includes a discussion of the achievements attained in
industrial reconstruction during 1950 and 1951, and a brief discus-
sion of the development of the employee's suggestion program.]

I. DATA ON 1950 OUTPUT AND 1951 PLANS

(Summary of an article entitled "Achievements in Past Two Years of
Chinese People's Economic Reconstruction," by Sung Shao-wen, published 6 Oc-
tober 1951 in Peiping Jen-min Jih-pao. According to Sung, the past high-
est yearly output, taken as the base year, is generally based on 1936 output
for areas south of the Great Wall and on 1934 for Manchuria.)

Products	1950 Output In % of Base Year	Planned 1951 Output In % of Base Year
Pig iron	48.5	64.0
Steel ingots	65.5	97.0
Steel stock	67.0	120.0
Coal	58.6	69.2
Electric power	77.5	94.5
Portland cement	65.7	107.2
Copper	253.0	333.0
Tungsten	76.0	80.0
Tin	38.1	46.0
Glass	119.5	138.0
Caustic soda	82.1	244.0
Soda ash	97.1	124.0
Cotton yarn	100.3	105.9

FOR OFFICIAL USE ONLY

CLASSIFICATION		RESTRICTED	
STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB	DISTRIBUTION
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI	

STAT

<u>Products</u>	<u>1950 Output In % of Base Year</u>	<u>Planned 1951 Output In % of Base Year</u>
Cotton cloth	108.7	113.5
Gunny bags	43.4	98.5
Paper	114.5	155.0
Automobile tires	66.0	196.0
Sugar*	121.0	151.0

* From a report by the Hsin-hua She, 11 October 1951. The 1949 output for private and state enterprises is taken as the basis for comparison instead of the past record output.

II. ACHIEVEMENTS IN INDUSTRIAL RECONSTRUCTION, 1950 - 1951

(Reprint of an article published in the Hsin-hua Yueh-pao, October 1951.)

Heavy Industry

During the 2 years following the establishment of the Central People's Government, China's heavy industry recovered from its weakened condition and began making progress. Damaged equipment was repaired and equipment idle for years was employed in production. Maladjustments in the distribution of industrial equipment within individual plants were corrected. The output of most of the mines and factories showed a great increase. For instance, by full utilization of their equipment, the two heavy industrial plants near the nation's capital achieved a production record two or three times higher than that prevailing under the Kuomintang regime.

In 1950, major state-operated heavy industrial enterprises surpassed their plans. The 21 principal products showed an increase in value 2.25 times over that of 1949. The increase can be broken down by industries: the value of products of the steel and iron industry exceeded by 294 percent that of 1949, nonferrous metal industry 190 percent, chemical industry 90 percent, electric machine industry 289 percent, machine-building industry 241 percent.

During the first half of 1951, products from the above-mentioned industries constituted 103 percent of the value stipulated in the original plans, or 72.2 percent of the value stipulated in plans for the whole of 1950, and exceeded by 44 percent the plans for the corresponding period of 1950.

Some plants have surpassed the highest production record of the past. In 1950, one steel company produced pig iron 79.5 percent above the highest production of the past, and in 1951 it is expected to surpass its production record by 300 percent. Operating only 8 months in 1949, one cement plant produced twice as much as its highest previous output; in 1950, and in the first half of 1951, it exceeded the previous production records by 221 and 248 percent, respectively.

During the past 2 years, our heavy industry stressed production of equipment needed for industry, and irrigation projects. It put out many new products and thus contributed much toward industrial and agricultural recovery.

At no time under the Kuomintang regime had railway track been produced. It was, however, produced during the first year after the founding of the People's Republic of China. Such production is now being used on the Chungking-Ch'eng-tu Railway Line. On 1 September 1951, part of this line, from Chungking to Yung-chuan, was opened to traffic.

RESTRICTED

STAT

Chemical plants everywhere in the country are utilizing their facilities to produce fertilizers and insecticides for farmers. In the spring of 1951, about 10,000 tons of fertilizers were distributed by cooperatives in North, East, South-Central, and Northwest China. In 1950, about 30 different chemical insecticides, totaling 1,380 tons, were introduced to farmers. Chemical insecticides were effectively applied to thousands of mou of land near Peiping. Production of insecticides is increasing in various areas. The arsenical ore produced in Hunan Province in 1951 is estimated to be sufficient for making 20,000 tons of sodium arsenite for use as insecticide.

The machine-building industry is one of the heavy industries receiving special attention. During 1950 and 1951 it has been transformed from an assembling industry to one capable of making whole machines.

In 1951, the machine-building industry achieved unprecedented prosperity. In 1950, there was a depression for both private and public machine-building firms in North China. But in 1951, these firms operated at full capacity with some private firms operating on day and night shifts. In 1950, those in Northeast China encountered marked sales resistance and found their inventories piling up. But in 1951, all accumulated inventories were sold with demands being built up that cannot be met now even by operating day and night shifts.

Privately owned machine-building plants in East China, which petitioned the government for help in 1950, found that orders for goods were pouring in in 1951; their products scheduled to be produced in the spring and summer of 1952 have been sold out in advance. The value of the machines produced by state-operated enterprises in the first half of 1951 amounted to 90 percent of the total value of the machines produced in 1950.

As of the end of June 1951, the number of workers in the machine-building industry showed an increase of 23 percent over the total at the end of 1950. Not only did the number of workers increase for the privately owned firms, but many new firms came into existence. Labor productivity in state-operated enterprises showed an increase of 40 percent in the first half of 1951 as compared with the same period of 1950. It is expected to be greater in the second half of 1951.

In the past year, the machine-building industry has made a remarkable contribution to the civilian economy. This industry has supplied the railways with water pumping equipment, including boiler pumps, repair equipment, such as jacks, and transportation vehicles, such as passenger cars, freight cars, and special freight cars. It is especially worth mentioning that the machine-building industry has been able to produce steam hammers used in bridge construction, mobile air compressors, motor cars used for road inspection, locomotive controlling devices, locomotive air brakes, and locomotive wheels and parts.

The machine-building industry has also supplied irrigation projects with a great quantity of water pumps, cement mixers, and steel walls for dams, each wall weighing 1,400 metric tons. In 1951, the industry began to supply the textile industry with complete textile machines and equipment, ranging from cotton carding to fine weaving equipment. It produced textile machines in large quantity. In 1951, it also produced linen textile machines and equipment.

In 1951, the machine-building industry furnished mines with a great number of machines, such as various types of pumps, air compressors of different capacities, air-circulating machines, cutting machines [not further identified], and stone-cutting machines. On an experimental basis it produced some coal-cutting machines, rock drills, and small underground loaders.

STAT

The industry produced a great quantity of farm machines and implements, such as water wheels and modern pumps. It should be especially noticed that the industry can now make tractors.

The machine-building industry has produced many automobile parts and accessories. In the past year, it produced pistons and valves of good quality, batteries, and spark plugs. In 1951, it manufactured automobiles and motor-cycles, indicating that we are on the way to producing our own automobiles.

To meet engine requirements for industrial plants and mines, the machine-building industry in 1951 manufactured various engines such as stationary gasoline engines of 300 horsepower, mobile gasoline engines of 100 horsepower, large steam engines, modern boilers, and various combustion and coal gas engines.

Thousands of machines were produced in 1951, including casting machines, air pumps, steam hammers, cutting machines, planers, air compressing machines, lathes, turret lathes, automatic lathes, screw-making machines, milling machines, shapers, 5-foot planing mills, boring machines, precision lathes, etc. In addition, many machines which are very difficult to make were produced, including vacuum pumps, water pumps, screen-type paper-making machines, etc. As a result of 1951 experiments all products are of top quality.

In addition to huge machine and various types of ball bearings, many precision tools and instruments were also produced in 1951, such as cutters, micrometers, and gauge blocks. This indicates that our technical standards have been raised.

The above-mentioned products are only part of the major products of the machine-building industry. According to incomplete surveys, there were 270 categories of new products at the end of June 1951. More products are expected to make their appearance after June.

With a view to supplying sufficient machines and equipment for future needs arising from the national reconstruction program, the machine-building industry of Northeast China adopted the high-speed cutting method of the Soviet Union. This has been introduced into machine-building plants in other parts of China since May 1951. According to reports from the various areas, this method increases work efficiency from 5 to 20 times. As a result of the extensive application of the high-speed cutting method, productivity in the Tientsin Machine Plant and in the Tientsin Automobile Accessories Plant has been doubled.

Light Industry

After 2 years of reorganization, light industry throughout the country has made progress. As a survival from the past, the first half of the year has been the "slack" season, but this did not hold true for the first half of 1951. In that period, the various products from light industry showed a general increase as compared with the second half of 1950. For instance, the production of automobile tires increased 99 percent, rubber shoes 55 percent, paper 25 percent, industrial belting 431 percent, machine-processed sugar 21.5 percent.

The match manufacturing industry which experienced a depression in 1950 showed a great improvement throughout the country in the first half of 1951. The match output in East China increased 10 percent in the first half of 1951 over that of the second half of 1950; in Tientsin it increased 14 percent. Production of office supplies, instruments, and general merchandise also showed remarkable gains. Shanghai is an example. In 1950, Shanghai produced

STAT

about 110,000 dozen fountain pens monthly; but the monthly average of sales for the months of June and August 1951 reached 400,000 dozens. Similarly, the production of vitreous enameled wash basins increased 60 percent. The production of electric flashlights, thermos bottles, toilet soap, and household chemical products also increased remarkably.

Industrial progress was manifested not only in the increased output, but also in the reduction of costs and the improvement of quality. For instance, the strength, elasticity, and texture of the newsprint produced by China have been improving constantly. Better automobile tires are produced. Because of the improved quality of industrial beltings, including those used in textile mills, China no longer relies on foreign countries for supplies. Since the new inspection system became effective, the quality of domestic matches has been much better.

The cost of production for paper plants under the jurisdiction of the Paper Division of the Ministry of Light Industry of the Central People's Government was 2.34 percent lower in the first half of 1951 than in the second half of 1950. The ten industrial plants under the Tientsin Administration of State Enterprises cut their production costs by an average 5.32 percent in 1950.

Workers in light industry plants in Northeast China gave a warm response to Chairman Kao Kang, of the Northeast China People's Government, who called upon them to increase production by an amount equivalent in value to 5 million tons of grain. Workers in the first branch of the No 6 Paper Mill improved the operations of the paper mills by changing indirect pulp feeding to direct pulp feeding with the result that the quality of paper showed a remarkable improvement. The new feeding method enables up to 90 percent of the pure wood pulp to be used in the paper-making process.

Last August, workers of the Chang Wen-fu Team, in the Chang-pei Oil Company of Liao-hsi, created a record by producing 13 catties and 9 ounces of bean oil from 100 catties of soybeans.

Since there was a sharp increase in the demand for light industry products, production gradually fell behind in some areas. Accordingly, some industrial enterprises plan expansion. Following the 1951 Nationwide Conference on Industry, governments in various areas have taken various measures to encourage new investment in light industry. For instance, the Shansi People's Government plans to build nearly 20 new factories. The various districts of Kwangtung Province have built or plan to build plants manufacturing or processing resin, vegetable oils, sugar, gunny bags, and wood pulp.

State or private enterprises have increased their investment in light industry. For instance, the Hsing-yeh Investment Company of Peiping and the Tientsin Investment Company have purchased the I-li Foods Company and the Shao-feng Flour Mills, respectively. Many textile manufacturers in Shanghai and Wuhan have diverted their investments to industries producing paper, office supplies, foods, and nails. Some industrial plants in Shanghai and Tientsin, which closed down because of a shortage of capital and because of poor facilities, are now reopening or opening on a larger scale than planned.

At present, Chinese light industry has the necessary conditions for further development. However, for the benefit of greater accomplishment in line with the progress of national reconstruction, it is necessary for light industry to follow the leadership of the people's government. It should advance steadily and avoid blind competition. Since the supply of raw materials is now limited, we must increase production and practice economy. We should pay some attention to the processing of domestic products and find uses for them so that China's light industry may attain self-sufficiency and enjoy prosperity.

STAT

Textile Industry

In the past 2 years, China's textile industry has gone through three stages slump, recovery, and development. At present, the cotton, linen, and knitted goods industries have reached the stage of development. The silk industry is quickly recovering. At the end of 1950, cotton textile products exceeded the peak output recorded in Chinese textile history. The cotton textile industry made increasingly great achievements in 1951. In the first half of 1951, cotton yarn increased by 29.95 percent over the first half of 1950. Using the same basis of comparison, production of cotton cloth increased 24.5 percent and gunny bags 154.66 percent. The production of woolen blankets attained 137.71 percent of the original plan.

The production increase in the textile industry can be attributed to improved labor efficiency. In almost every textile plant, output per spindle or loom increased 20 to 45 percent. Even the so-called backward textile industry of Northwest China reached a record of 1.02 to 1.05 pounds of No 20 yarn in a 20-hour period, or twice as much as in the preliberation period.

Since there is a shortage of raw cotton, we must exercise greater economy in its use. There has been considerable achievement in this respect because of a mass movement for the saving of cotton conducted in textile plants by the Ministry of Textile Industry of the Central People's Government and by the National Committee of the Textile Workers Union. As a result of experiments in 14 plants on reduction of cotton waste in feeding and in the reuse of the waste cotton, one hank of No 20 yarn can be produced by using only 410 catties of cotton instead of 414.69 catties as stipulated by the Nationwide Conference on the Textile Industry. If the waste cotton is collected and reused for making the same kind of yarn from which the waste cotton results, it needs only 400 catties of raw cotton to produce a hank of yarn of the same quality. It is estimated that the reuse of waste cotton can save the nation 160,000 tons of cotton in 1951.

Worker Chi Hsiu-ping of the No 6 Textile Plant in Tsingtao devised a new operating method and cut the cotton mill waste rate as low as 0.25 percent, according to observation recorded over a period of 7 months. Before the new method was introduced, the waste rate for the eight textile plants averaged 1.66 percent. If every textile plant can keep the waste rate as low as that attained by Chi Hsiu-ping, the saving would amount to thousands of hanks of yarn for the nation as a whole. Formerly, in Southwest China, one hank of No 20 yarn required 470 catties of cotton as compared with the present 410 catties. It requires only 400 catties for textile plants in Tsingtao area.

With a view toward improving production, textile firms throughout the nation in June and July 1951 launched a movement to conduct constant inspection of mills and make a steady effort to study policies. Some of the mills have not been checked thoroughly, or at all, and this call for inspection will undoubtedly have very desirable effects. Textile plants also are promoting a movement for political study and a movement for democratic reform. About 250,000 workers are included in these movements. Democratic reform has basically changed the outlook of the textile industry which means that the old supervisor system is being abolished. There is developing unity among workers and the emergence of a great number of progressive members among the working class. All these changes are quite necessary to reform the old industry and to increase production.

In 1951, with a view toward improving the living standard of the people, the government invested a large amount of money in the textile industry. This resulted in an unprecedented expansion. According to August reports the new textile plants can be expected to fulfill their tasks ahead of schedule.

RECEIVED

~~RESTRICTED~~

STAT

III. DEVELOPMENT OF EMPLOYEES' SUGGESTION PROGRAM

(Reprint from Peiping Kung-jen Jih-pao, 20 April 1951. Originally from the official report on employees' suggestions of the past year 1950 issued by the Production Division of the All-China Federation of Labor.)

Beginning in 1947, industrial plants in the Port Arthur-Dairen area adopted an employees' suggestions program as a means of developing new inventions, technical improvements, and other measures of rationalization. This program was adopted in Northeast China in July 1949 and by 1950 was being carried out in practically all industrial plants throughout China. Some 13 kinds of industries in 27 provinces and 13 large cities have made special efforts to develop employees' suggestions as a regular institution.

Statistics show that on the Tientsin Railway and in the industrial plants located in T'ai-yuan Municipality and Liaotung Province alone, 5,273 employees made various suggestions to their supervisors. In the electric power plant in Shih-ching-chan, near Peiping, almost 14 percent of the workers and staff have made suggestions to the management.

According to an incomplete survey of the past year, 24,875 suggestions were received and acted upon. Savings resulting indirectly from effecting employees' suggestions amounted to 3.2 billion yuan for the railway lines alone, and to approximately 3.06 billion yuan a month for plants in Chahar Province.

The significance of the employees' suggestions program cannot be over-emphasized. It brings about not only savings but also has a stimulating effect on national economic recovery and development. For instance, as a result of cooperation among the employees, the An-shan Steel Plant in Northeast China has practically eliminated the steel of inferior quality.

As a result of joint study by Engineer Chao Nei-pien and the workers of his plant, a new coupling system for steel processing has been developed and used by the T'ang-shan Steel Plant. By improving the bottom of the hearth, they prolonged its useful age, so that it can now perform 400 operations instead of the former 30 operations; they are working toward 1,000 operations.

Comrade Li Hsiu-chun of the T'ang-shan Electric Power Plant improved the refueling system and thus reduced coal consumption to 0.561 kilogram per kilowatt-hour. Comrade Liu Yuan-sheng of the No 4 Textile Plant of Tientsin improved the oil tank, the leakage of which had been a grave problem for years. Comrade Kang Wen-shou of the Shenyang Clothing Factory organized the labor force in a better way and thus succeeded in boosting its productivity by 25 percent.

By collective efforts we can now produce the products which formerly were beyond our ability. For instance, Engineer Yin Yu-san of Nanking succeeded in manufacturing the 101 F type radio tubes. We can now also make grinding wheels, developed by Chen Kwang-ho; superior seamless copper, developed by Peng Ao-yao; and precision grinding machines, developed by Liu Ching-tiang.

Employees' suggestions have played an important role in fostering new inventions, cost reduction, production increases, quality improvements and increased productivity of labor. Other examples are as follows: The Electric Appliance Company of Tientsin recently succeeded in making nitrogen to take the place of imported metallic vapor for electric bulbs. A plant in

- 7 -

~~RESTRICTED~~

STAT

~~SECRET~~

Tientsin developed a new type of light-weight gasoline engine for use on rail-ways. A steel plant in Chungking produced five times as much track as before. All this means effective counterblows to the US blockade and a step toward industrial self-sufficiency. However, there are many problems in the way of adopting employees' suggestions.

- E N D -

- 8 -

~~SECRET~~